State Department of Education
Public School Support
FY2007 Budget Request
JFAC presentation, 8 a.m. January 26, 2006

Good morning.

This is my final formal presentation before this committee, so it seems appropriate to follow Jason Hancock's suggestion and try a different format this year. My hope today is to spend less time on the numbers, which you can read for yourselves, and more time on some of the big issues that are either a part of this request or that will be part of a future request.

This new approach will alleviate a concern I've had for the past few years, which is that while JFAC had a lot of information about the numbers, the germane committees often had more information on the programs themselves. I appreciate this committee's awareness that many policy decisions come with dollar signs attached and that it's important for you to have the information you need to think about both the short-term and long-term implications of educational requests. I hope we can do some of that today.

Our approach this morning is for me to talk about the State Department of Education's request, then you'll have time to ask questions if you wish. Then Jason will give you an overview of the public school budget request. I will talk about each of the topics we've identified and give you time to ask questions after each. Then, in whatever remaining time you want to take, I'll be open to any questions you want to ask about any public school or departmental issues.

The department's budget section begins on page 1-137. Before I get into specific requests, I want to give a general report on the past year in the department.

In a general sense, this has been a time of intense planning, and it has involved everyone in the department – every secretary, every specialist, every administrator. We guide our work with a mission statement and a vision statement, and then a series of goals. I won't go through all of those today, other than to say that they focus on the department's role as an evaluator and a support to the public K-12 system, and on our commitment to improving student performance, student assessment, student graduation

rates, student health, and student preparation for productive lives as well as continuing education beyond high school. We recognize that with increased responsibility and expectations we have to work smarter as well as harder.

We are student-focused. Although we are two steps removed from the heart of our school system -- that is, the classroom – we are a critical component of that next circle, so to speak, where training, technical assistance, monitoring, evaluation, and all those other support services occur.

Every section of the State Department of Education is intricately connected to every other, and all the bureaus and teams must work in sync in order to prevent undue burdens on school districts. Just-in-time professional development opportunities are arranged for districts and in many cases delivered regionally. Curriculum materials are reviewed by master teachers and recommendations written. Required monitoring is scheduled in advance. Communication is going out on a continuous basis to keep the liaisons in the districts aware of deadlines, upcoming requirements or activities, and to answer questions of common interest. Our efforts to collect data efficiently mean that school districts should not have to repeatedly report information already held in the department.

Every individual and every team at the SDE is committed to the development and implementation of this system, and it is a system balanced carefully between local control and state support.

The long strategic planning process the department staff went through helped clarify that role. It helped us identify the specific goals I mentioned, and helped us decide how, with increasing responsibilities on every side, we could work smarter and organize ourselves to get the job done.

Jason has given you an organization chart on page 1-138. I've made a couple of changes to this, mainly combining special education and federal programs so that all of our special needs programs are in one place. But the big step was to impose on this an internal system of six different leadership teams, each with membership drawn from throughout the department and each with a specific area of responsibility. These are not permanent. Our intent is to form teams as needed and disband them when we can and add new teams as new issues arise.

For now, the six are:

Accountability School Improvement, which is working with our new accreditation process. Its overall goal is increasing the number of districts and schools that meet accreditation requirements, federal requirements, and state-established performance objectives.

Assessment and Data Analysis, which is looking at the state's educational data needs and coming up with recommendations on needed changes. The department has

spent the last year building a consistent format for data collection that it continues to refine. I'll talk more about this work later.

Educator Quality and Leadership, which primarily works on making sure Idaho's teachers and administrators meet the highest of standards. That includes meeting the highly qualified teacher requirements set by the No Child Left Behind Act.

Improving Student Achievement. Clearly this at the heart of our work. Its goals include developing relevant and timely professional development for teachers, helping districts do a better job of analyzing student-based data, improving the teaching of reading, and helping districts communicate and work more closely with families and communities.

Partnerships, Networks, and Innovations. This team reaches out to businesses, higher education institutions, and other government agencies so we can make sure our students and our schools are meeting the needs of those different audiences. This team is also looking at project-based education in Idaho. This is a program that gives students a chance to put whatever they have learned to practical use by demonstrating how they can apply their knowledge. One of the themes I have talked to educators about this year is the importance of applied knowledge – that is, not just understanding facts and figures, but knowing how to use that information. Not many of us go through life thinking big thoughts just for the fun of it. Rather, we hope to have a genius for solving problems and coming up with creative ideas, and <u>that's</u> what we want to foster among students.

Last but not least, the **Organizational Improvement** team focuses on internal working conditions in the department.

We're so serious about these teams that whenever anyone asks for permission to travel, they not only have to identify the source of funding, the method of travel, and all those other things the state requires, but also which leadership team's work is going to be furthered by the trip. The goals and now the teams are putting the department's work in sharper focus. And that helps explain the department's budget request For Fiscal Year 2007.

You have already dealt with the supplemental requests, so I'll skip those and go to the two new requests beginning on page 1-144.

The first is for two new positions, and an appropriation of $123,200, to add staff to the Bureau of School Support Services. This is not the part of the department that handles our internal accounting. Rather, this is Tim Hill's area.

The reason you see Tim, and only Tim, when you have questions about distribution of school funds, or about the latest support unit estimates, or about the impact changing the salary index might have, it's because Tim is pretty much it – the one staff member who handles this billion-dollar program.

Tim is helped by an equally thin staff. We've got one person who keeps track of school-district details: enrollments, staffing, the educational directory, statistics, and so on. There's one person who reviews the school district audits that are required each year. There's one person who handles the early retirement program, plus all statistical analysis related to teachers and administrators. When one of those is absent – or, heaven forbid, if one should leave – the work either doesn't get done or it won't be done by someone with expertise in that area.

Tim's staff is the same size it was when I came to the department eight years ago, even though during that time the number of school districts has grown and the 24 charter schools have been added, with more on the way. The charter schools require much special attention, especially during their first years of operation as they learn how school funding works. And programs like the Reading Initiative or the technology initiative that rely on a distribution separate from the rest of the school funding formula add to the workload.

I could go on, but I imagine those of you who serve on this committee probably have a better understanding than most of how important a financial analysis staff is to the operations of any agency, but particularly to one that handles as much money with as much detail as the department's Bureau of Finance. Adding these two new positions – a financial specialist and support staff – will allow Tim to distribute the workload more equitably and will provide some room for the kind of cross-training that's so important when you're dealing with these sums. Tim is the kind of worker we all like: someone who works nights and weekends to get tasks done. But that's not how our state employees should be treated – and, besides, now that Tim is a new grandpa, I'm not sure he'll be as enthusiastic about weekend work.

These two new positions are really critical, I believe, to the kind of quality control we all want and to the kind of public school information we all need. I would be guilty of bad judgment and bad oversight if I did not ask for these positions.

Incidentally, I'm told that the reason Governor Kempthorne has put zeroes on this line is not because he necessarily opposes this request, but rather it is because it is his practice not to make recommendations for the state's other elected officials. Having said that, if you'll turn to page 1-145, you'll see that the governor <u>has</u> made a recommendation of approval of my request to add an American Indian Education Office to the State Department of Education. I believe that is intended to show his support for providing needed services to this part of Idaho's population, and I appreciate it, as I know the state's tribes do.

This request grew out of the department's hosting of the Indian Education Committee, which has been meeting for several years, and also out of the tribes' commitment to the educational needs of their youngsters. For the past three years, the tribes have collaborated to sponsor an Indian Education Summit. As I attended these, I have been struck by the genuine concern that the needs of American Indian children are not necessarily being met.

The results of the Idaho Reading Indicator, for example, show that as a group, these youngsters are not reading at the level we hoped for. We know that because since Day One of reporting on the IRI, we have disaggregated the scores so that no group of children gets lost in the general average. When the No Child Left Behind Act came along with its disaggregation requirement, it was no problem for us to comply because we were already doing it. The NCLB information simply reinforced what we already knew from our Idaho data.

Then, last year I joined the national Council of Chief School Officers' newly-formed Native American Task Force. I met with my counterparts from North and South Dakota, Montana, Nebraska, Nevada, Wyoming, and Washington as we developed a national project with four major goals. Those are: first, to help states develop internal plans for American Indian education aligned to each state's school improvement strategy; second, to host meetings on how to improve the way we educate American Indian youngsters; third, to develop information on best ways to improve teacher quality and instructional practices, parent and community involvement, health and safety, and so on; and, fourth, to find ways for state departments to work across lines to improve the performance of American Indian students.

One side effect of my membership on this task force has been to learn about grant opportunities that might be available to states like Idaho who want to do more with American Indian education. That leads me to this request for two new positions to staff an American Indian Education Office to write grants, serve as liaisons to other states, work directly with Idaho's tribes, and team up with teachers of American Indian students in math, reading, science, and so on, to develop programs for working with these youngsters.

Last fall, when I did my statewide tour to discuss budget needs with school districts, I added sessions to meet with the Idaho tribes. They were explicit about their concern over their children's educational progress. They also talked about what they see as the need to do a better job of incorporating the history and culture of Idaho's American Indian population into our studies, and about their own efforts to support outreach services to improve parent involvement as well as to combat drug and alcohol use by tribal members. And they stressed the need for students to accept responsibility for taking advantage of our educational system, and to continue their education past the high school level.

All of these issues would fall to the new office if you approve this request. I think it's a big step forward for Idaho and I know I can safely speak on behalf of the tribes when I say that approval would be much appreciated.

That's it for the budget request. But before I open this for questions, I want to say something about the State Department of Education.

It's probably the knowledge that I will be leaving office in just under a year that has given me a keener appreciation of the men and women who have been my colleagues there since 1999. They are, in so many ways, the unsung heroes of Idaho's K-12 system.

Regardless of the headlines you read, the reality is that every day these master teachers and experts in transportation, child nutrition, adult basic education, and so on come to work absolutely committed to doing the very best job of supporting our public schools: regular schools, charter schools, alternative schools, on-line schools. They come to the department from rich backgrounds in the schools, so they understand how things really work out there in the districts.

I've often said we have a "bench of one" in the department, but that has to do with numbers only, and never with the depth of knowledge and skill these folks bring to the state. It's been a privilege and a pleasure to work with them, and to learn <u>from</u> them, and I simply want to use this occasion to say "thank you" to all of them for their hard work.

Now, I'll be happy to answer any questions you have about the department.

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Teacher Salaries/Competitiveness

Let me start this section with a few facts.

Each year the National Education Association issues a report called *Rankings & Estimates*, which contains a lot of statistical information about issues and trends affecting public education. The information is gathered from each state's K-12 agency, rather than generated by the N.E.A.. We consider it reliable. Then each fall a mini-report is issued that updates a few of the informational items.

This information comes from the Fall, 2005, mini report. For the 2004-05 school year, Idaho's average teacher salary is estimated at $42,122, ranked 30th among the 50 states and the District of Columbia, the same as the previous year. Idaho ranks 8th in the nation on its estimated student-teacher ratio, meaning we have, on average, more students per teacher than most other states.

Jason has provided similar information in your budget book on page 1-10. The numbers are a little different, mainly because he is using 2003-04 figures from the American Federation of Teachers and I'm using estimates for 2004-05 from the N.E.A. The N.E.A., as I said, ranked Idaho 30th among the states for average teacher salary. The A.F.T. ranked Idaho a bit lower, at 32nd. But the relative rankings among the northwest states are the same in both reports: Idaho is behind Washington, Oregon, and Nevada, and ahead of Utah, Wyoming, and Montana. Incidentally, the median age of a teacher in Idaho is 48.

The N.E.A. update did not include beginning salaries. The A.F.T. report for 2003-04 ranked Idaho 44th for average beginning teacher salary.

The A.F.T. website noted that in its latest survey, average teacher salaries did not keep up with inflation, and that there are additional stresses because of rising health insurance costs. That would be consistent with Idaho. This is not unusual: health care costs are of concern in almost every area. But when it comes to the public school budget, school district officials tell me that rising health insurance costs are a major reason their discretionary funds simply cannot stretch to pay for everything we expect them to cover: utilities, textbooks, the difference between staffing costs reimbursed by the state and actual staffing costs, lab equipment, maintenance, and so on, plus rising health insurance costs.

I wanted to review all of this because someone once said to me that, sure, we talk a lot about what it's like to be a teacher and what their needs are, but in the end, it all gets back to salaries. Well, to some extent, that's correct – not 100% correct, because class size, benefits, time for collaborative planning, professional development opportunities, community support, and so on, also make a difference. In other words, the conditions of teaching matter, too. But this year it is important to put salary at the top of the list.

Last month, a teacher from a north Idaho school district wrote a letter to the editor explaining what that beginning salary of $27,500 plus benefits means to him. Out of that he pays $300 per month for health insurance (and the district pays another $600 per month). His mortgage is $1,100 per month. Once he pays for student loans, gas, utilities, and car insurance, he has about $100 left for food and clothing. His wife and son qualify for the supplemental WIC feeding program and the family has decided to apply for food stamps.

I know you hear this all the time, and you have particularly heard from Department of Correction and law enforcement personnel that their needs are similar. I sympathize with them. It's embarrassing to think that someone could be employed full-time by the State of Idaho and still qualify for state assistance.

So it won't come as any surprise to you when I say I appreciate Governor Kempthorne's recommendation to boost the beginning teacher salary to $30,000 and fully fund it, and to increase the base salaries by 2.5% for teachers, administrators, and support staff. I thank him for including both new and veteran teachers and for making room in his executive budget for each.

At this point, I want to be clear about something so we don't see misleading headlines tomorrow. His is <u>not</u> a proposal to give everyone a 2.5% raise. It <u>is</u> a proposal to improve by 2.5% the money in the statutory base salary that drives the formula through which school districts receive state funding for salaries for teachers, administrators, and support staff. Actual salary schedules are set at the local level, not at the state level. Put most simply, this increases the pool of money available from the state.

However, the increase in the minimum teacher's salary to $30,000 will have a predictable effect on about 3,000 of our 14,000 teachers -- those whose salaries fall below the $30,000 level. I checked on the American Federation of Teachers website to see what beginning salaries are right now. Of course, I don't know what other states will be doing, but increasing the minimum salary to $30,000 will probably move us right up from the basement to somewhere in the middle of the pack.

Having said that, I still want to point out that my budget proposal asks for a 3% increase to the base salaries, compared to Governor Kempthorne's proposed 2.5%. I ask you to consider that salary improvement for our veteran teachers has not been funded for five years. Other state employees are set to share in a 3% salary increase beginning next month. If you want to send a message to our experienced and most highly skilled teachers that their services are appreciated, they cannot be treated with less consideration than other state workers.

Two other options should be considered.

First, if you wanted to honor both the governor's wish to improve beginning salaries to $30,000, and my wish to improve base salaries by 3%, the total cost would be an additional $3.5 million. Tim can provide you all the details on how this would work.

Or, second, if you wanted to stay within the Governor's budget recommendation, you could improve the base salary structure by 3% and raise the minimum instructional salary to $29,000, which would benefit both the 2,500 teachers who are below this level now and the remaining 11,500 teachers who would see that the state does value their services commensurate with other state workers.

Naturally, I would prefer the first option: the $30,000 for beginning salaries and a 3% improvement to base salaries. I can't tell you what a pleasure it is to be discussing what level the increase might be, rather than arguing more basically for any increase at all.

Now, why does this matter? Assuming we can still find people to staff our classrooms, why do we have to worry about that minimum salary?

The fact is that we may find it harder and harder to recruit those teachers. A few years ago, a report commissioned by the State Board of Education projected a need for about 14-hundred new teachers every year through 2012. For the current school year, the projection was based on an enrollment of 256-thousand students. As of last fall, we already had about 262-thousand students in school. That's about 58-hundred more students than anticipated in the board's study. Those students need teachers.

My own department has not done that kind of projection, but we do keep a close eye year-to-year on what's happening. Everything I'm about to tell you, and much more, is contained in our annual "Educator Supply and Demand" report, and parts of that report raise some alarm. For example:

- Of our current teachers, more than one-third are close to or at retirement age.

- Another concern: The number of teacher vacancies has been rising steadily for the past several years. The number of applications per vacancy averages out to be 3.9. That average does not tell us how many applications were duplicates – for example, one prospective teacher applying for positions in Boise, Kuna, and Meridian. Interestingly, though, that's a decline in applications per vacancy.

- Another concern: The school staff turnover rate is rising. When districts reported why staff members left, it was almost a tie between two categories: leaving the profession for personal reasons and moving to another district. The third highest category was retirement, followed by a general "leaving the profession" response.

- Another concern: Idaho districts reported a total of 2,414 vacancies for the 2004-05 school year. Even if Idaho school districts had hired every single graduate from an Idaho teacher training program in 2004 – both public and private – we would still have been nearly 1,000 short of filling those vacancies. We continue to be an importing state when it comes to teachers.

That last point is important because other states are also facing their own prospective teacher shortages. The U.S. Bureau of Labor projects that almost three-quarters of a million teachers will be needed over the next eight years. For the most part, the Bureau considers the growth rate to be average except for several states mentioned by name – including Idaho – where a faster rate of growth is anticipated.

To put all this together, we see increased student enrollment, meaning more teachers are needed in Idaho at a time when roughly one-third of the current teaching force is preparing to retire, and that the efforts of all of our teacher preparation programs probably won't be enough to fill the anticipated vacancies. That means that Idaho is going to have to compete for teachers with other states, many of which are in the same position, and most of which pay more.

And if all that is not enough, the federal No Child Left Behind Act establishes a requirement that core academic subjects be taught by what it calls "highly qualified teachers." Each state was required to come up with its own definition of "highly qualified" and present it to the feds for approval. Those state definitions had to be consistent with federal law. The U.S. Department of Education has questioned Idaho's definition, which means the training Idaho has in place that certifies teachers as prepared to teach can be deemed as inadequate by the federal agency. We are now awaiting the latest federal word on our definition.

In its simplest form, "highly qualified teacher" means each teacher must have majored in what he or she will be teaching. In other words, the English major who teaches the reading, or the history major who teaches government, is no longer considered qualified to do that. This poses a particular problem for small, rural schools that don't have the enrollment to generate the extra support units that bring in those more

highly specialized teachers. All new teachers seeking Idaho certification, whether they come from in-state or out-of-state, are now required to pass tests in both their major and minor teaching areas, and all veteran teachers are required to be certified in the subject areas they teach. If not, districts must report those teachers to the federal government as not being "highly qualified," and in doing so, those districts risk not receiving federal funds. For many teachers, this means going back to school to take courses in subjects that they may have already been teaching. It's not only insulting, it's costly – costly for the teacher who has to pay for those classes and costly for districts that have agreed to share those costs.

All of these new requirements weigh heavily on school districts, and particularly on the rural ones. The No Child Left Behind Act is a federal law and we cannot change its provisions here. I brought this up simply to make the point that all of the things I've mentioned – rising enrollments, the age cohorts of our teaching ranks, the competition among states, the compliance with the NCLB – go into the mix of what we have to consider in the years ahead as we make sure Idaho's classrooms are fully staffed with competent teachers. To do that, we have to make teaching an attractive profession for our brightest students, and that will happen when they know they will be able to earn a salary commensurate with their training, skills, and commitment.

These proposals for increasing the minimum salary and for adding to the salary reimbursement pool are a big step in the right direction. I know teachers throughout Idaho will be grateful for your approval of these items.

Now, what questions do you have about our teachers?

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High School Redesign

Since Jason first suggested this as one of my topics, and particularly since last Monday, I've been wondering how to approach this. Clearly there is no consensus in this Legislature on how to handle high school reform: whether to study it more, whether to put it into law, whether to turn it down, whether to fund it, and so on. Yet, these discussions really reflect the broader conversations that have been occurring throughout the state for the past several months – not just among public school educators, which you would expect, but among parents, editorial writers, students, college presidents, budget analysts, and certainly at meetings of the State Board of Education.

If for just a moment we can set the money question aside, it's worth thinking about the "why" of high school reform. I want to talk for a few minutes about how my own thinking has developed.

For the past several years, we've been bombarded with warnings that, in effect, other nations are about to eat our lunch, educationally speaking. International comparisons seem to show U.S. students lagging behind their peers. About a year ago, Bill Gates told the National Education Summit on High Schools that American high

schools are obsolete – that they cannot teach U.S. students what they need to know today. A *Newsweek* columnist wrote about an unintended consequence of tighter U.S. visa procedures in the wake of 9/11 – that for the first time in 30 years the number of foreign students coming to the U.S. is down. That revealed what *Newsweek* calls our dirty little secret: this nation's scientific edge is largely produced by foreign students and immigrant. The National Science Board announced that 38 percent of the doctorate holders in the American science and engineering workforce are foreign-born. Thomas Friedman's newest book has stayed on the bestseller list for 10 months now with his warning that education is key to maintaining U.S. dominance in a world made flat by technology.

And I could go on, but you've all read and heard the same things I have. For me, however, none of this was new. Several years ago, Dr. Bill Shipp, chairing Governor Kempthorne's Science and Technology Advisory Committee, met with the Board to talk about the need to improve science and math education in public schools. The governor and I began the Idaho Math Academy targeting the middle grades after an analysis of Idaho students' performance on the Third International Mathematics and Science Study showed us areas of weakness. We set high expectations for primary-grade students on the Idaho Reading Initiative – knowing the first scores would look pretty dismal, but also knowing that high expectations would increase our ability to promote the latest research on teaching for early literacy. By the way, that effort has paid off. Idaho is among only three states where students' scores on reading improved significantly at grade four from where they were four years ago. In other words, we've been at this a while.

Still, the recent state, national, and even international discussions of what it means to be an educated person in today's world have focused our attention more clearly on reforming our high school programs. I spent some time last weekend re-reading some national materials on what the public seems to want from its high schools. The list should come as no surprise: they want a rich curriculum, they want a high graduation rate – specifically, they won't want drop-outs -- and they want students prepared for success – not just <u>prepared</u> for success, but to believe that they really <u>can</u> succeed. I know some people shudder at that last point, fearing some kind of California-type self-esteem movement, but I interpret it as something more like what all of us as parents do: telling our children that if they work hard, they <u>will</u> do well.

One purpose of high school reform, then, is to ensure that students will graduate from high school and that those graduates will be prepared for the next educational experiences of their lives, whether that is in postsecondary education, the military, or the workplace. Within that general reform is a focus on math and science and a message to young people that tomorrow's workplace will need more engineers and scientists – <u>home-grown</u> engineers and scientists.

The response to these concerns has been to require more math and science courses, to provide more access to college-level coursework through dual enrollment programs, and to require college entrance testing. Unfortunately, this approach has been seen as a one-size-fits-all solution. And to some, this approach has some difficulties in

that it creates impossible targets for students who have learning difficulties, is a threat to students who aspire to careers with a humanities or arts focus, and is a costly promise for staffing that the state may not be able to afford. This is not a conversation limited to the House and Senate Education Committees. It's happening in every state.

What many don't realize is that high school reform is already alive and functioning in Idaho high schools. There are 13 high schools engaged in a high school reform effort in Idaho known as High Schools that Work, and another 7 middle schools piloting a "Making Middle Grades Work" reform program. This is part of a national program built around high expectations, a rigorous academic program, career and technical studies in high-demand fields, work-based learning, and other key practices. Coeur d'Alene is offering the International Baccalaureate, which is a challenging curriculum available to students who wish to take it. Meridian and other districts are teaching algebra to select students in middle school. And in districts all across Idaho, students who have not passed Idaho's basic skills test, the ISAT, are being placed in remedial classes, often taking two classes in a subject each day instead of just one.

School administrators and teachers want students to be prepared for life. They believe that, given the flexibility and resources needed, they can do so. They are especially concerned about the richness and diversity of their curricula, particularly related to vocational programs and the arts, and whether those will be diminished if funding does not match mandates. These are two areas where cuts have been made in recent years as schools struggled to match their revenues to the requirements they must meet.

The important question here is what it means to be an educated adult. That also means asking what society will demand of students when they graduate, and whether the skills needed for work, citizenship, and continuous learning have changed fundamentally in the last 25 years.

During the high school redesign discussions you have heard the words rigor, relevance, and relationships. It seems that "rigor" has less to do with how demanding the material the teachers covers is, than with what competencies students have mastered as the result of that teaching and learning. And, how can that learning experience include the other two Rs – relevance and respectful relationships – that are essential elements in motivating students to want to achieve rigor. We have to be careful that our emphasis on rigor does not just mean covering more academic content at a faster pace, and certainly not just memorizing more facts for a test, but rather the offering challenging and meaningful materials by a competent teacher with whom students are willing to do the work.

I sat on the board's committee that examined what accelerated learning might mean in Idaho. I do not object to four years of math. To make that happen, we have to dip down into middle schools to start that process earlier, but we have already begun to do that through the Idaho Math Academy. So far the academy has focused on geometry

and measurement, and last summer we piloted an algebra academy for middle grade teachers.

I do object to naming the courses that must be taken. By naming algebra, geometry, and algebra II as requirements, we have determined that all students proceed on that trajectory. In our rural districts the effect of having all students in algebra II will certainly compromise the teacher's ability to teach this course without having to adjust the instruction and assignments so all students can be successful. I've already received a letter from a student asking that her learning not be diluted in this way.

On the other hand, by not naming the specific math courses that must be offered, the school is free to keep students involved in math. For example, for some students, classes that focus on financial literacy as it relates to their lives will be more relevant. For others, an understanding of probability and statistics is more interesting. For others, being able to see the application of math connected to vocational programs or the arts will be most useful. Algebra and trigonometry are essential in woodworking, geometry is a vital component of art, and music and math are really two manifestations of mathematical thinking.

We have to adjust our thinking away from course titles and toward standards. That means every class has learning goals that push students toward greater knowledge and understanding taught with rigor and with relevance and that takes into account student learning needs. I was heartened by President Lewis's comments on Monday when he said the purpose is to keep students engaged in math. I agree.

As the legislative discussion on high school reform continues, I have three proposals to add to the mix:

First, **encourage districts to provide courses that advance student learning,** including remediation for students who need it. To this end, you could change the instructional staff allowance by .01. That would cost an additional $6 million in salaries and benefits and add another 135 teachers across the state. The decision on whether to hire a remedial teacher, to add a math course, or to provide an AP course would be based on locally-determined district needs.

Second, **support the community college proposal put forward by Governor Kempthorne**. The Idaho Business Coalition for Educational Excellence has identified this as a critical need. Access to affordable post-secondary education will encourage students to attend. When such a system is in place, the universities can tighten their entrance requirements. Together, these steps will bring more students to postsecondary-education and will heighten the need for those seeking four-year degrees to come to college with the required levels of preparation.

And third, regardless of a legislative decision on this particular high school reform proposal, **keep the $1.45 million line items for reform in the public school budget for 2007.** The half million dollars the governor recommended in the Division of

Teachers is needed to expand our middle school math training to reach more teachers more quickly than we can through our summer Idaho Math Academies. Those academies are supported by federal funds right now. I can't guarantee those funds will be available next year. Adding this state support will expand our ability to equip middle school teachers with effective strategies to start students down the road to more challenging advanced math courses.

And again, regardless of the decision on the high school reform rules, the other $950,000 recommended by the governor in the Division of Children's Programs is still needed. This money would allow the Idaho Digital Learning Academy, the state's on-line learning program, to expand its advanced placement offerings. This is particularly important for high school students in rural schools that don't have the resources or the student numbers to add specialized advanced placement teachers. In addition, this line item included some funds to help districts prepare their current teachers to offer more advanced placement classes.

Whatever path you take, there are going to be costs associated with increased expectations. Schools have tried to accommodate those rising expectations, but to do so they have had to choose between two equals: this class or that class, this activity or that activity. We must keep in mind that providing special classes and extra learning time to get all students to a passing score on the state tests are creating negative stresses on other parts of the system. This is a time to try to establish some equilibrium for our districts. They already know where the gaps are. Now they need the resources and the responsibility to fix them.

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Physical Education

Every year when the budget presentation begins – at least, under the old format – I began by introducing the members of the Public School Coalition, one of which is the Idaho State PTA. I want to remind you of the PTA's involvement this year, because that has a lot to do with this next topic, which is the physical education initiative.

One of the first things we did at our start-up coalition meeting late last summer was to go around the room and ask for each organization's priorities. The parents, as represented by the PTA, listed as their #1 concern their children's physical well-being. They are concerned, of course, about student academic achievement, but they are equally concerned about the other aspects of students' well-being -- the physical, emotional, and social aspects of learning -- which led the PTA to adopt physical education as its top priority.

As it happened, that dovetailed with the State Board of Education's interest in P.E. Idaho's schools used to be required to offer physical education, but when the board scaled back its rules in 1997, it left it up to local school districts to decide how much time to give over to P.E. By 2003, the Centers for Disease Control and Prevention reported on the results of a Youth Risk Behavior Survey in which half of Idaho students reported they

were not enrolled in a physical education class, 71 per cent reported they didn't attend daily P.E. classes, and almost 10 per cent reported they had not participated in any vigorous or moderate physical activity during the previous week.

No wonder, then, the reports – here and across the nation – of rising obesity rates hit home. In fact, this issue is broader than just physical education. Right now the department's Child Nutrition staff is holding seminars throughout the state on a new federal requirement that every school must have a wellness policy and helping local school districts decide how to craft these policies for themselves. Part of that is understanding how to make healthy food choices, and our department has acquired a special grant to provide more fruits and vegetables to schools with low-income students. In addition, we monitor school lunches for their nutritional values.

The department also conducted a survey of district practices regarding physical education. It appears that P.E. is required of most students at some point in middle or junior high school and is available in high schools. At the elementary level, availability depends on the ability to hire a staff and the limitations of physical space. As our elementary schools have grown larger, access to indoor recreation areas has diminished since those areas are commonly used as lunch rooms for up to 2-1/2 hours each day.

Then, in 2004, the State Department of Education, working with the Idaho Association of Health, Physical Education, Recreation and Dance asked the board to adopt proposed standards for physical education in schools. Those standards cover from kindergarten through the senior year, and are intended to guide districts as they plan content for any P.E. courses they offer.

By last year, the department put a proposed rule out for public hearing. It would have required 150 minutes of P.E. each week at the elementary level, four credits at the middle or junior high level, and two credits at the high school level. School administrators did not support the proposed rule. They were concerned, first, about the difficulties associated with space during inclement weather, and, second, about whether adequate funding for staffing would follow a new requirement.

In fact, the cost of full implementation seemed to me more than the budget would bear, so I included in my budget request money to cover a kind of phase-in stage. Based on what I'd heard from public testimony, I calculated it using fewer minutes, for grades 1-6 only, and using the minimum salary. That came to $5.6 million, which is what you see on page 1-29, in the Division of Children's Programs. Had the rule been approved, I wanted some money to provide some staffing because I knew the administrators had a concern over how to comply without sufficient staff. In fact, in a letter to Senator Goedde last October in which I described how I reached this figure, I said that if the initiative was not fully funded, it should not be adopted.

As it turned out, the physical education rule was <u>not</u> approved by the State Board of Education, which tabled the idea for more discussion at a later time. Still, even without a rule, the governor indicated his support for the concept of physical education.

His recommendation is much less than mine: $1.25 million in on-going general funds, and $600,000 of one-time money from the Economic Recovery Reserve Funds. His recommendation is found on page 1-21, under the Division of Teachers.

You can see what's happened. The original proposal was to add 150 minutes of P.E. every week for elementary students. I scaled that back to 90 minutes after the public hearings and came up with $5.6 million. The governor's recommendation is for $1.85 million.

The governor and I would both like to keep the physical education discussion alive. There is a way to do that within the Governor's budget proposal. To do that we could resurrect an idea that the public school budget has not seen for some time. That would be an innovative grant opportunity, giving schools a chance to apply for funds to improve physical activities for students. I don't have details right now. But from preliminary discussions, I understand that this would be a cooperative effort between the Office of the Governor and the State Department of Education. This could be in-school or after-school, equipment, or personnel. The intent is to provide opportunities for physical activities connected to the standards and that are not currently available to students. This helps address the issue of how to handle one-time funds and on-going funds in a way that would not compromise future legislatures.

The choices on what to include in a budget request and what to ignore are difficult, just as are your choices on what to fund and what not to fund. When I am trying to create a lean budget that focuses on priorities, it is always a tough call as to what to promote: physical education, pre-school, full-day kindergarten, professional development money, remediation for kids, and so forth.

Had it not been for the PTA's position on this, I would have been likely to go with the Idaho School Board's interest in money for remediation for students who were in danger of not passing the ISAT. We have evidence from throughout the state that with appropriate tutoring, students who re-take ISAT sections they initially failed are having more success. As long as passing the ISAT is a condition of graduation, I believe we owe it to students to recognize that they do not move in lockstep toward this goal. Rather, they mature educationally at different times and at a different pace. An effective program of remediation can help bridge this gap.

So, as I said, my request for $5.6 million is intended to honor both the PTA's priority and address school administrators' concerns that no new requirements be added without adequate financial support.

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Facilities Report

The facilities portion of the public school budget request begins on page 1-31.

The big issue here is the request to fund the Bond Levy Equalization program from general funds, and to use all lottery funds for the original purpose. That purpose

was to give school districts a source of money for repairing, retrofitting, remodeling, and even constructing school buildings, although for the most part this source of funding went to maintenance programs. When some of the lottery funds were siphoned off for the Bond Levy Equalization Fund, districts saw a reliable source of maintenance funding diverted in ever-increasing amounts as bond levies were successful.

That's not to say that the bond interest subsidy program has not been a benefit to districts. Having that subsidy available means district patrons won't have to pay as much in interest on their bonds, and that fact alone undoubtedly helps get some of those bond issues approved. As you know, the interest subsidy is a function of local economic conditions: district market value per support unit for equalization purposes, average annual seasonally-adjusted unemployment rates, and per capita income. The subsidy ranges from 10 to 100 percent of the interest payments.

One problem, of course, is that not all school districts share in the subsidy portion of the lottery funding. When all of the lottery revenues were available to districts and charter schools for maintenance, all districts shared in the same proportion that each district's attendance bore to total state attendance. That same formula still applies, but with only two-thirds as much money available to districts and charter schools for maintenance.

One concern is the difficulty of anticipating how much money will be taken from maintenance for the interest subsidy program. Bonds have been passing across the state, although of the 14 buildings identified in 1999 as the most in need of repair or replacement, only four have been removed from the list. As those bonds pass, the amount drawn from the lottery funds increases. Luckily, I guess, people in Idaho are still gambling, and lottery funds have kept pace so far.

Still, the question remains: Would school districts be able to avert replacements if they had adequate funds for maintenance? The current allotment is 1% of the public school budget.

Beyond that, I want to talk for a few minutes about the difficult issue that lies ahead for all of you: coming up with a solution to the school facilities problem that will satisfy the Idaho Supreme Court and that really works for school districts. This issue has been around these halls longer than I have, and I know some of you have been party to what must seem like endless discussions on how to fund a system of building school facilities that meets constitutional muster.

In my travels around the state, I'm often asked why this has been hanging on for so long. My answer always is that if this were a simple problem, it would have been solved long ago. I recognize that it is <u>not</u> simple. In addition, you have the burden of devising a solution without any clear guidance on what that solution ought to be, other than the ruling that the present system is unconstitutional.

Three years ago, Governor Kempthorne and I convened a task force to look at our system of funding and maintaining school facilities to see whether we might reach an accommodation on the lawsuit. One of its findings was that inadequate and neglected maintenance had exacerbated school building deterioration. I think it's important to note that local school trustees are doing the best they can with what they've got, but they can't spend a dollar twice. The new expectations from both the federal and state levels have limited trustees' flexibility in deciding where to spend their money. And as I mentioned a moment ago, the diversion of some of the lottery funds to interest subsidies means less money for maintenance.

But to a great extent, all of this is like rearranging the deck chairs on the Titanic: we get a lot of motion but not much real movement. The reality is that if the pie stays the same size, then cutting a bigger piece out of it for school building construction means less for all the other pieces. It's just that simple. Obviously I'm suggesting that the pie has to be bigger if this new obligation is to be added without endangering the rest of a school system that is already straining to do all the things expected of it.

I wish I had a new, innovative, perfect solution for you. I don't. But I'm willing to offer as much help as I can.

First, I have provided each of you a CD-ROM with a variety of reports on it, including a copy of the 2003 report by the School Facilities Task Force. Perhaps that could be a starting point for discussions.

Second, the State Department of Education has had a lot of experience over the years working with committees and individuals looking into the school facilities problem. We can give you all of that historical material and we can certainly answer many of your questions. Either we have that information already, or we can ask districts to send us whatever you need.

And third, I want to share with you a line of thinking that might help reduce some of this to manageable proportions.

I tend to think of facilities at three levels:

The most important is the safety level. We cannot morally, and cannot legally, require children to go to an unsafe facility to get an education. Mold in the walls, unstable foundations, and undependable heating and cooling systems fit in this category.

I think of this as a <u>state</u> problem, and at the very least, any resolution should make provision for alleviating any threats to safety as quickly as possible. If this comes from a state source, then it will also encourage local districts to look more carefully at their buildings to make sure they are fundamentally safe. That's not to say that they don't do that already, but I think it's going to be a lot easier to make that finding if you know there's immediate funding that will cover the cost of fixing the problem. This would also untie the relationship between a local district's property value and the cost of making a

building safe. If the state takes responsibility for safety, then all districts will be treated the same.

The next level would be ensuring that every school facility is adequate for today's educational needs. By this I mean every building should be capable of supporting technology, should have classrooms that are flexible enough to be used to support different instructional needs, should have ample outlets and good lighting. Laboratories should have up-to-date equipment and storage facilities that protect contents from theft, fire, and so on. Almost any teacher can come up with a list of what constitutes a facility adequate to meet contemporary educational needs.

In my mind, this issue of adequacy is a shared state and local responsibility. This is where some kind of matching program or subsidy program would be of most value. I haven't yet thought through how we would draw a clear line between an educationally adequate facility and an educationally maximized facility, but it can be done. We already do something like this in the area of transportation as we define which transportation uses are eligible for state support and which are not.

The last level would be the one I just mentioned: the **educationally maximized facility**. This is the building that goes beyond however we define educationally adequate and adds in all those wonderful options that make teachers' hearts beat faster: access to up-to-date technology, the smart boards, the connection of vocational and academic learning, the access of the community to school facilities, and so on.

This is a local decision similar to approving a supplemental levy to offer a greater variety of courses than the minimums required by the state. It would be, in other words, the unequalized portion of a facilities support program.

Speaking personally as a lifelong educator, I'd like to wave my magic wand and have every school be educationally maximized and have those costs covered. I would also like to win the lottery, although I'm told my chances of that would be better if I actually bought lottery tickets. Nonetheless, I have never heard anyone suggest that the constitutional obligation on this Legislature is to create state-of-the-art facilities for every single student. When you think about facilities at these different levels, it becomes easier to sort through what the state's role in providing housing for that public education system might be.

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Updates: NCLB, Charter Schools, ISIMS

This final section is more in the nature of an update on a few issues that were discussed here a year ago. You can relax: there aren't any budget requests attached to any of these.

First is the **No Child Left Behind Act**. For two or three years, it seemed every national meeting I attended focused on NCLB and on the difficulties states were having

with what seemed to be a very rigid implementation process. This past summer, the NCLB was hardly mentioned at these gatherings. If anything, far more time was spent discussing the need to prepare U.S. students to work in a global workforce, rather than in a local one. Of course, this has been of great interest to educators here in Idaho since we are aware of the work being done at the state level to find overseas customers for Idaho businesses. Just as an aside, the U.S. Department of Defense has issued a paper calling for an improvement in the nation's foreign language skills and in what it calls "cultural competency." The rationale behind the paper was to continue the position of the U.S. as a global power in business, education, and international affairs, and that's certainly something we've been working on here.

But back to the No Child Left Behind Act. The lack of national conversation is not lack of interest. Rather, I think it is a function of two factors. One is that we're past that early learning curve stage and our compliance with the NCLB is getting more and more a matter of routine. We've even had some important insights as a result. For example, my request to add American Indian education expertise to the State Department of Education staff stems from a careful analysis of what the assessment data tells us about these students' performance. Another factor is the new U.S. Secretary of Education, Margaret Spellings, who has pledged herself to a more flexible implementation policy.

The one thing you have probably read about is the possibility that the U.S. Department of Education will fine the Idaho Department of Education about $104,000 in title I administrative funds due to lack of compliance with an agreement we forged between the two agencies four years ago. The compliance review's criticisms focused on Idaho's assessment program. This is of concern to me since the State Department of Education has had nothing to do with the assessment program for the past few years. All of that is handled by the Office of the State Board of Education. For that reason, I have appealed the decision and am waiting to hear from the federal agency.

In the meantime, however, the department's staff and the board's staff have been working together in a number of areas, and on a very tight time frame, to put us on a trajectory for success. For example, we have revised all of the state's content standards in a format that is clearer to teachers, students, parents, and everyone who wants to know what our academic expectations are. We have asked for public comment on those standards – our deadline was last week – and will revise them in time for the Board's February meeting. We have written new testing blueprints for all grade levels of the ISAT that reflect those new content standards. Also under revision are performance-level descriptors of what constitutes "proficient" performance at each grade level and for each tested content area.

The No Child Left Behind Act is scheduled for reauthorization in 2007, and educational organizations are already gearing up. The Council of Chief State School Officers has organized a 19-member national task force to develop the CCSSO's recommendations. The task force includes representatives of six State Departments of Education, one of whom is Sally Tiel, Idaho's supervisor of curriculum, instruction, and

assessments. This is a real compliment to Sally and to her national reputation as someone knowledgeable about student learning and ways to improve it.

Senator Crapo has also involved himself in this process by writing to Secretary Spellings to suggest specific amendments to the NCLB. We appreciate Senator Crapo's outreach to the State Department of Education by involving us in discussions of areas where improvement is needed.

For example, rather than set an arbitrary percentage limit on how special education students will be tested, Senator Crapo suggests that each child's Individual Education Plan should determine whether the child is tested along with all other children or whether the child needs special accommodations. Instead of declaring that a school fails to make adequate yearly progress in its first year, Senator Crapo suggests that the designation be used when the same subgroup of students fails to make progress in the same subject for two years. Under current law, students in a school that fails to make adequate yearly progress in one year are given the option to transfer to another school in the district. In the second year, students are offered supplemental or tutorial services. Senator Crapo suggests reversing that – in other words, making supplemental services available in year one and providing the transfer option in year two. He also suggests limiting those options to students in the subgroups that fail to make adequate yearly progress, rather than to all students in a school, regardless of their test scores.

As I said, his ideas make a lot of sense to me. The 2007 discussions are still a long way off, but I appreciate these first efforts to see what changes will keep the major reforms of the No Child Left Behind Act intact, while still making the implementation more meaningful to schools and to students.

Next on my list are charter schools. Right now we have 24 charter schools – 16 authorized by 13 different districts and another 8 authorized by the Idaho Charter School Commission. About 8,000 students are enrolled, or about 3% of Idaho's public school enrollment. Another four schools are authorized to begin operations next year.

The reason I put this on the list is to follow up on language included in last year's appropriations bill for the State Department. That required the department – at the direction of the State Board and only to the extent permitted by federal law – to reallocate $365,100 in federal grant funds to the Idaho Virtual Academy based on its status as a local education agency. As you may recall, the department and the academy had a difference of opinion as to whether the school was eligible for that money. In the end, the academy opted to drop its request for the money and to not pursue an appeal.

We went a little farther on whether the academy was owed additional special education funding and, again, this reflected a difference of opinion on whether the academy was or was not providing special education services in compliance with federal law. A hearing officer upheld the department in this instance, and as a result the academy returned more than $56,000 in federal special education funds to the department. My staff is continuing to work with the academy to help it come into compliance with federal requirements and thus qualify to receive federal special education money.

I also had a request from a legislator who wanted to know if there were any out-of-state students enrolled at any of the on-line schools in Idaho. The correct answer is: I don't know. Students do not enroll with the state. They enroll at the school level, and so we have no way of verifying student residency.

A final word on charter schools: it's not surprising that some bumps have developed along the way. The charter school program has grown very quickly in Idaho, and every indication is that this level of interest will continue.

The State Department is certainly mindful of that. Next month the department, in cooperation with the Office of the State Board of Education and the Idaho Charter School Network, is hosting its annual Idaho Charter Schools Petitioners' workshop. We encourage anyone who is thinking of starting a charter school to attend this session because we want them to get off on the best foot. Among other things, we'll review the charter school laws, federal special education requirements, responsibilities of charter school boards, finances, and so on. Thanks to your approval earlier this week, we have a charter school specialist available to help schools throughout the year. This position is right at the heart of what we can do for charter schools: manage the charter school start-up grant, help charter school developers prepare their petitions, coordinate the statutorily required legal sufficiency reviews, and serve as a resource for charter schools on all aspects of charter school law, school funding issues, and so on.

There was a discussion Monday on the roles of the department's charter school specialist versus the charter school staff member in the Board office. The department's charter school liaison interacts with <u>all</u> charter schools as part of our evalulative and supportive roles. The board's staff works with the Charter School Commission and the 8 schools it has chartered. I think we've made a lot of headway in this area, and the result is a broadening of options for students and their families.

Last but not least, I want to bring you up to date on what happened in the year since the announced termination of the ISIMS project. ISIMS finally closed at the end of August, at which time personnel were disbanded, licenses were allotted out to school districts that had been part of the ISIMS pilot, and the equipment was turned over to the State Department. The Albertson Foundation also supported the transition of the original pilot districts to one of three data management products chosen by the foundation. I think it's fair to say this was a difficult yet rewarding experience for everyone involved.

ISIMS did have some positive outcomes. For one thing, it focused our attention on the need for better management of student information and educational data. Having come that close, no one wanted to drop it. For another, districts will be more likely to choose among the most popular products when they decide what to incorporate into their data collection systems, simply because those products will be able to transmit their information to the State Department of Education with efficiency and accuracy.

You may remember that one of our original issues had to do with the variety of software systems used by districts, and the difficulty we had collecting information from so many different programs. Now there is recognition that some uniformity is critical, and the department has been finalizing development of common data elements so that we collect accurate, uniform, and comparable data from schools and districts.

Another positive outcome has been finding more talent than we knew we had within the department's Bureau of Technology, which really stepped up to the plate. These experts looked at everything that needed to be done and decided which tasks were most essential. To that end, the data collection system for Special Education was targeted. Not only was the department successful in building such a system, but we were recognized by the U.S. Department of Education for the quality of our work and data submission – garnering both a nice plaque for displaying and, more important, permission to submit our data using our new process.

We were ranked as one of the top 11 states on our progress toward a longitudinal data system. Since that costs money and our efforts toward that goal were unsuccessful, we have determined to build it ourselves step by step.

I wouldn't recommend a project as exhausting and wrenching as ISIMS to anyone. It's just too hard. But the work done by the project, and the reflection done once ISIMS was terminated, helped us be clear about the work still to be done and the sequence of events that had to occur in order for the department to support district efforts and state and federal requirements. That sequence is underway, and your approval of our supplemental request in this area for personnel and operating costs will help a lot.

I certainly appreciate the fact that our technology staff has rallied over this past year to set us on a course for success and I appreciate your support.

Those are the updates I wanted to bring to your attention. Now, I am open for your questions.